

FISCAL NOTE

HB 528 - SB 640

March 22, 2001

SUMMARY OF BILL: Provides for the following:

- The BEP component for professional education positions for each local education agency (LEA) shall be the southeastern regional average instructional staff salary for the previous year, beginning with the 2001-02 fiscal year.
- All funds appropriated shall be used for professional personnel salary increases by those LEAs that have an average instructional staff salary below the Tennessee average instructional staff salary for the previous year beginning with the 2000-01 fiscal year.
- LEA distributions of the funds shall be determined by negotiation, where applicable, with the professional employee organization.
- It shall be a violation of this law for any LEA to use such funds to supplant total local current operating funds. However, LEAs may supplement salaries from its own local funds.
- The Commissioner of Education shall establish and the State Board of Education shall approve annually state minimum salary schedules which shall determine the lowest salaries that can be paid to instructional personnel; however, such state minimum salary schedules shall not be used to determine the BEP instructional personnel salary component.
- Each LEA shall submit annually a report to the commissioner on the LEA's payment or expenditure of the salary funds.
- The bill shifts the state-local sharing percentage in the classroom components of the BEP from 75%-25% to 70%-30%.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$379,000,000

Increase Local Govt. Expenditures* - Exceeds \$335,000,000

This estimate reflects the additional funding that would be generated by running the southeastern average instructional salary for FY99-00 of \$38,046 through the BEP formula, reducing the state share of the BEP formula from 75% to 70% and increasing the local match requirement from 25% to 30%.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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